

USAID/Economic Growth, Agriculture and Trade

Annual Report

FY 2005

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Economic Growth, Agriculture and Trade

Performance:

The Bureau for Economic Growth Agriculture and Trade (EGAT) is one of three pillar, or technical, bureaus within the U.S. Agency for International Development (USAID). It shares with other USAID Pillar Bureaus a mandate to provide field support and technical leadership to USAID missions and Regional Bureaus, as well as to foster interagency coordination and international collaboration. Its overall goal is to reduce poverty and promote prosperity in developing and transition countries. To achieve this goal EGAT manages a portfolio of activities aimed at providing high quality support to USAID missions and Agency technical leadership in a number of sectors including economic growth, trade and investment, microenterprise development, urban development, development credit, education, natural resource management, agriculture, environment and science policy, energy, information and communications technology, and gender issues.

In FY 2004, EGAT continued to refine its strategies, approaches, and portfolio to carry out its mandate of technical leadership. It provided critical field support to programs in Afghanistan and Iraq, as well as to USAID missions seeking support with strategic planning and program design, best-practices implementation, and assessments. It took the lead in the development of new USAID strategies in the areas of agricultural development and education, and played an important role in the development of USAID's new strategic management process. With the issuance of USAID's White Paper, which categorizes USAID assistance into three country typologies -- Transformational Development Countries, Fragile States, and Strategic States -- EGAT began to re-evaluate its portfolio and to re-shape its support strategies and activities to meet the different needs of each of those country types outlined in the White Paper.

Economic Growth (EG): In FY 2004, EGAT's Economic Growth Program (EGAT/EG) began to implement strategies for trade capacity building (TCB) in more than 24 countries, and delivered training and developed resource guides, including 22 research papers on trade policy. The Program coordinated bilateral donors' participation in mainstreaming trade in the national poverty reduction strategies of more than 40 countries. In partnership other international organizations, EGAT/EG provided 1,300 public and private sector users in 67 countries with access to trade analysis tools and databases. Work began on drawing lessons from anti-corruption activities, designing a country analytic to help with strategy development, and assessing the pro-growth focus of U.S. economic policies and assistance programs.

EGAT/EG developed a comprehensive strategy for USAID support to developing country financial sectors, helped to build and strengthen economic policy and revenue institutions in five countries, and developed a "tax benchmarking" tool for designing and implementing tax reform activities worldwide. In the area of private enterprise development, EGAT support resulted in the design and delivery of 12 groundbreaking assessments of "best practices" and other program development tools.

Poverty Reduction (PR): In FY 2003, the latest year for which complete performance data is available, USAID's Micro Enterprise program, operating through more than 433 implementing partners, served 4.1 million poor credit clients through active loans from USAID-supported institutions. These loans were valued at \$2.8 billion, of which 96.2% were paid on time. USAID-supported microfinance institutions also served 4.5 million savings clients, whose combined deposits of \$1.3 billion represented an increase in portfolio value of almost 50% over 2002. In addition, more than 1.7 million poor micro entrepreneurs received business development services from USAID-assisted institutions, resulting in improved market access, productivity, and earnings.

In FY 2004, EGAT/PR played a leadership role in supporting urban development. The Program's work with the Cities Alliance (a global alliance of 18 international donor partners, cities, and their development partners) expanded from 100 to 150 cities, leading to the broadening of urban upgrading and slum

improvements. The CityLinks Partnership supported over 44 city-to-city exchanges (11 of them new) between U.S. and developing country municipal managers, who jointly tackled issues related to solid waste, financial transparency, local economic development, urban planning, and anti-corruption/ethics.

Agriculture (AG): In FY 2004, EGAT/AG supported agricultural research and training programs, through Collaborative Research Support Programs (CRSPs), to further the development of agricultural technologies that address food security and hunger issues, particularly in Africa. For example, in Uganda, CRSP research was successful in developing new varieties of peanuts resistant to Rosette Disease which are now showing yields 2-4 times more than traditional varieties, a benefit of \$47 million in national-level production. The Global Livestock CRSP program has extended the Livestock Early Warning System, developed specifically for Africa, to Mongolia through the establishment of 120 monitoring points to allow herders to better manage the risk associated with severe weather.

EGAT's support to agribusiness development and trade capacity building is done through EGAT-managed technical assistance mechanisms and Global Development Alliances (GDAs), which have generated millions in revenue, reduced transaction costs, increased the use of modern agricultural inputs, and increased marketing competition and efficiencies. In Ghana, the program partnered with five farmer associations and generated \$4 million in trade of fresh fruits and vegetables, and in Bangladesh, the program developed an innovative nutrient management strategy for lowland rice. EGAT/AG's programs, additionally, moved beyond traditional assistance to link agriculture issues to HIV/AIDS and policy reform. The Program assembled a comprehensive data base on the effects of HIV-related adult mortality in Africa, which is being used to develop strategies to improve food quality and nutrition. EGAT/AG provided research and training to inform countries of needed policy reforms to create better environments for economic growth.

Natural Resource Management (NRM): In FY 2004, EGAT/NRM made significant progress towards improving the management of important land, forest, water, coastal and biologically diverse resources. Together, EGAT/NRM's Biodiversity and Forestry Teams helped place more than 16 million hectares of habitat under improved management, and approximately 2.4 million hectares under effective management. The program provided valuable technical and field experience to help shape the President's Initiative Against Illegal Logging (PIAIL), as well as continued to manage the Sustainable Forest Products Global Alliance, a GDA activity that has leveraged \$13 million since inception and is active in over 30 countries. EGAT/NRM contributed to the launch of a new program focused on designing interventions addressing HIV/AIDS, gender and conservation threats and improving sustainability of the Pacific longline fishing industry.

EGAT/NRM's Land Resources Management Team continued to promote tenure reform activities in the Central Asian Republics and certain countries in Africa. The team's work in developing the linkages among natural resource management, economic development, and governance led to improved NRM policies and practices in Senegal, Mali, Uganda, Namibia, Mozambique, and Tanzania. EGAT/NRM's Water Team facilitated improvements in four policies to advance Lake Basin management, including the establishment of a national network of Lake Basin managers in the Philippines. EGAT support for the President's Signature Water for the Poor Initiative led to improved access to safe water supplies and sanitation for over 19 million people.

Energy and Information Technology (EIT): In FY 2004, EGAT/EIT helped bring on-line 71 megawatts of grid-connected energy, improving energy access to approximately 13,500 households, businesses, industries, schools, hospitals, and community centers in poverty-stricken areas. About 1,000 institutions improved operating practices and 20 governments adopted clean energy policies. EGAT/EIT involved public and private actors in its programs and leveraged more than \$114 million in additional resources. The Program worked on country specific waste management and telecommunications projects, as well as helped design the Afghanistan and Iraq energy programs, totaling approximately \$1.6 billion. Under the President's Digital Freedom Initiative (DFI), EGAT/EIT provided information and communication technology assistance to 500 small and medium enterprises and supported training for 288 participants from 94 countries in telecommunications and Internet technology and policy. EGAT/EIT support for three Digital Opportunity through Technology and Communication (DOT-COM) Alliance

programs led to the testing of various approaches to improve access to information and communications technology, such as the use of palm computers for voter registration in hard-to-reach rural areas of Rwanda, and internet access through community centers for some 20,000 new users in small towns in Mali.

Israel/Middle East Program (IP): Despite unrest in the Middle East, programs supported under this special objective are achieving their overall goal of catalyzing technical cooperation that otherwise would not occur. There are 35 ongoing Arab-Israeli research projects, and the number of joint Arab-Israeli pre-proposals submitted to the Middle East Regional Cooperation (MERC) Program has increased from 24 to 38 to 93 during the last three annual cycles.

Through the U.S.-Israel Cooperative Development Research (CDR) Program, students from Africa, Asia, and Latin America conducted significant portions of their graduate research in Israel. CDR and MERC-funded projects reported a number of scientific development contributions, primarily in the sectors of agriculture, health, and environment. For example, a joint Egypt-Israel project successfully induced spawning in grey mullet, a major scientific accomplishment which should ultimately lead to the elimination of the current practice of capturing larval fish in the wild.

Education (ED): In FY 2004, EGAT/ED implemented the Education Learning Portal, a web-based platform that links educators in 75 developing countries and offers a range of educational resources and professional development opportunities. Thirty-seven (37) countries (including five new ones) and one region applied EGAT/ED strategies for improving education policies and institutions, and three countries applied EGAT/ED policy reform tools to revise national policies. EGAT/ED sponsored short-term training leading to the development of a tax break provision for Croatian companies participating in the new privatized pension system, new standards and practices adopted by Macedonian cheese producers, allowing them to compete in new markets, and ten companies in Central Asia using arbitration clauses in their contracts as the primary means of dispute resolution.

Basic education activities succeeded in supporting higher enrollment and improved quality of USAID Mission programs. For example, schools in Zambia reported higher enrollment rates for children in the first years of primary school due to USAID-initiated health and nutrition programs. In Higher Education, 39 new university partnerships were established, leveraging \$1,942,705 in non-USAID contributions, and 60 new institutional programs, policies, and curricula were adapted to strengthen higher education systems in 28 countries. Institutions have benefited from more than 79 institutional improvements attributable to leaders educated under the USAID Advanced Training for Leadership and Skills (ATLAS) program.

Women In Development (WID): In FY 2004, EGAT/WID made substantial progress in promoting the integration of gender into development projects. The Program supported a variety of trainings and workshops regarding the incorporation of gender considerations into economic growth, agriculture, and trade programs. Greater awareness of school-related gender-based violence was achieved through stakeholders meetings, USAID's publication, "Unsafe Schools: A Literature Review of School-Related Gender-Based Violence in Developing Countries," as well as other materials for teacher trainers posted to Africa through an International Foundation for Education and Self-help (IFESH) project.

EGAT/WID assisted ANE in anti-trafficking planning and analysis in the Mekong region in southeast Asia, assessed USAID's experience with the prevention of trafficking in three E&E countries, and designed a plan for an anti-trafficking network in South East Europe. Additionally, women's legal rights in African countries were enhanced through support for development of proposed legislation and test-case litigation. For example, New Ghanaian law now permits employed women to work at night, and the Uganda Constitutional Court ruled that married women now have the same rights as married men (improving their ability to avoid HIV transmission by unfaithful husbands). In Guatemala, a postgraduate diploma program in gender and the law was developed and launched with 53 diploma participants.

Program Analysis, Implementation, Communication and Outreach (PAICO): EGAT/PAICO's field support database became operational, facilitating the planning and monitoring of EGAT technical support to field Missions. This resulted in improved coordination between technical specialists and regional bureaus as

well as enhanced cross-sectoral synergies and more efficient use of travel resources. EGAT/PAICO also designed and implemented a new portfolio database that was used to review its portfolio of technical support and leadership activities, leading to more effective portfolio management and improved support to USAID's strategic priorities. EGAT participation in the development of USAID's strategic management process led to the identification and definition of standard Agency-wide program components, which will enhance the Agency's ability to characterize its programs and report on performance.

Environment and Science Policy (ESP): In FY 2004, EGAT/ESP support for climate change activities helped eliminate four million metric tons of CO₂ equivalent emissions and protect 27 million hectares/year in carbon storage and/or carbon sinks, for a cumulative total of 147 million hectares. The Program also supported the commercialization, dissemination, and widespread adoption of environmentally sound technologies, including a wind power toolkit and a Biogas Project Development Guidebook. EGAT/ESP conducted carbon analysis in the Congo and trained foresters in techniques for the quantification of carbon impacts from logging practices. An environmental security assessment framework was field tested in the Dominican Republic and a regional workshop on assessing environmental security in eastern Africa was held.

EGAT/ESP's support to the Group on International Agricultural Research (CGIAR) system continued to develop and disseminate productivity increasing and resource conserving technologies. Programs included the planting of new varieties of drought resistant and low soil fertility tolerant varieties of maize on over 250,000 hectares in southern Africa, the release of 28 new varieties of wheat in Central Asia, including Afghanistan, and the dissemination of mosaic disease-resistant cassava in East Africa. The Global Crop Diversity Trust was formally established to provide a sustainable source of funds for the conservation of crop diversity. EGAT/ESP programs field tested bioengineered cassava in Kenya and Nigeria and supported a science and technology conference for West African ministers that has increased support for development of biotechnology in the region.

Development Credit Authority (DCA): In FY 2004, DCA's portfolio grew 48% from FY 2003 to \$860 million in partially guaranteed local currency loans. The DCA cumulative portfolio consists of 114 partial guarantees in 36 countries, with an aggregate subsidy cost to the Agency of \$28 million. In FY 2004, the most significant change in terms of sector diversification is a shift from housing to microfinance and a substantial increase in the energy sector. DCA's key programs include the channeling of: \$18 million in loan capital to agribusiness lending in Ethiopia; \$5 million to stimulate student loan access for lower-to middle income students in Panama; \$8.5 million in loan capital to finance constructing low-income housing units, securing land title and supporting mortgage for poor households in Jamaica; \$15 million for financing of an energy-related loan portfolio to improve energy efficiency in schools, hospitals and regional electric distribution infrastructure in Kazakhstan; \$10 million to six Moroccan Micro Financial Institutions (MFIs) for microenterprise loans; \$8 million in loan financing to support small and medium-size enterprises (SMEs) in the Nizhniy Novgorod region of Russia; \$16.5 million in loan capital to stimulate commercial bank lending to farmers posting warehouse receipts for crops as collateral in Zambia; and \$50 million cross-border debt financing to attract private sector investments to MFIs.

Results Framework

905-101 Open, competitive economies promoted

SO Level Indicator(s):

Office of Economic Growth tools developed for and/or applied by USAID Bureaus and missions
Person days of economic growth training delivered to AID implementers
TDY support provided by the Office of Economic Growth (person weeks)
The number of delivery orders processed by the Office of Economic Growth

IR No.1 Enhance the capacity of countries to participate in, and benefit from, global trade and investment

IR No.2 Improve macroeconomic stability and financial sector capacity to respond to opportunities in the global market place

IR No.3 Enhance private sector capacity to respond to opportunities in the global market place

905-111 Access to critical infrastructure increased, leading to improved quality of life, economic growth, and sustainable communities

- 1 Greenhouse gas emissions avoided (million tons of CO2 equivalent - CTE)/yr
- 2 Public policies adopted and implemented to promote environmentally sound energy production
- 3 Countries adopting regulatory reforms to facilitate liberalization of telecoms (cumulative)
- 4 Key personnel trained to modernize telecoms systems and services (annual)
- 5 Public institutions & NGOs applying models to improve information & learning systems (cumulative)

905-112 Support U.S. foreign policy and development goals by promoting Research Cooperation with developing countries and among Middle Eastern countries

SO Level Indicator(s):

Number of joint Arab-Israeli projects funded by MERC and CDR

905-201 Economic opportunities and services for the poor expanded

SO Level Indicator(s):

To be determined

1 To be determined

905-301 An educated and skilled populace well prepared for participating in the social and economic progress of their countries

905-401 Gender considerations in the Agency's development, humanitarian, and transition work better reflected

SO Level Indicator(s):

Country Strategic Plans, RFAs, RFPs, APSs, and Performance Indicators Clearly Indicate How Gender Relations Will Affect the Achievement of the Results and How the Proposed Results Affect the Relative Status of Men and Women

Frontier Gender Issues Championed by EGAT/WID are Incorporated into Broader Agency Programming

USAID Can Measure Objectively its Progress in Integration of Gender Issues From the Inception of the Strategy to Its Conclusion

IR No. 1 New Knowledge/Information on Gender Issues Generated and Disseminated

IR No. 2 Organizational and Technical Capacity to Apply Gender-REsponsive Approaches Increased

905-501 Local private Capital mobilized to provide financing for development

SO Level Indicator(s):

DCA portfolio and individual facilities are utilized at a satisfactory rate.

Identified market imperfections are addressed and partner institutions continue to lend to target group with
out a guaranty.

1 Support USAID missions and other operating units in identifying opportunities for and in designing

DCA activities.

2 Assess the credit risk of proposed DCA activities and re-estimate the credit risk of existing activities.

3 Support USAID missions and other operating units in the financial monitoring of DCA and other credit portfolios.

4 Train USAID staff and contractor community in DCA principles and the procedures for carrying out a DCA activity.

5 Train partner financial institution staff in lending modalities appropriate to target beneficiaries.

6 Coordinate with U.S.G. agencies, other donors, the NGO community and the private sector to further the appropriate use of credit and the strengthening of financial markets in developing and transition economies.

7 Assist the Agency to respond to Presidential and other U.S.G. initiatives that call upon the use of DCA.

905-601 Improved analysis, communication and field support supported

905-701 Environmental and science policies mobilized to address global development challenges

SO Level Indicator(s):

Number of countries where Consultative Group on International Agricultural Research (CGIAR) centers have staff deployed in research and development programs

Number of developing countries undertaking field trials of bioengineered crops

Number of international climate change strategies, policies and programs developed with EGAT/ESP leadership

Number of programs that promote climate-friendly technologies and practices

Per capita food production index (all developing countries)

Yield per hectare of selected crops

IR 1 Policies and programs developed, implemented and effectively managed to address global climate change

IR 2 More productive agricultural and natural resource management technologies and policies developed through multilateral research partnerships

IR 3 U.S. interests promoted in multilateral environmental conventions and fora

Special IR Agency compliance with U.S. environmental research regulations ensured

905-801 Management for conservation and sustainable use of natural resources -- principally agricultural lands, forests, biodiversity, freshwater and marine ecosystems -- improved

SO Level Indicator(s):

1 - Effective biodiversity conservation and management

2 - Improved management of natural forest and tree systems

3 - Improved land management capacity

4 - Improved management of coastal and freshwater resources

1.1 Hectares of biologically important habitat under improved management

1.2 Hectares of biologically important habitat under effective management

1.3 Number of policy successes affecting improved biodiversity conservation

2.1 Hectares of forest under improved management

2.2 Hectares of forest under effective management

2.3 Number of policy successes affecting sustainable forest management

3.1 behavior changed

3.2 number of influential studies/papers produced

3.3 number of institutions applying land resources management tools

3.4 number of mission strategies, programs and/or activities influenced

3.5 number of people adopting best practices

3.6 number of people exposed to information

3.7 number of people trained

3.8 number of policies influenced or changed

4.1 Hectares of coastal area under improved management

4.2 Hectares of coastal area under effective management

4.3 Number of policy successes affecting coastal and freshwater resources

905-901 The Agricultural Sector's contribution to economic growth, improved health, and sound natural resources management expanded

SO Level Indicator(s):

Increased rural incomes.

IR 1 Food-based technologies developed and disseminated

IR 2 Improved enabling environment to support rural growth, natural resources management, and private sector investment

IR 3 Improved rural competitiveness and capacity to develop and access markets